

RHODE ISLAND LONG TERM CARE SPENDING

FY2004



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A Report of the Long Term Care Coordinating Council
Lieutenant Governor Charles J. Fogarty
Chairman

LONG TERM CARE SPENDING IN RHODE ISLAND: FY2004

Message from Chairman Fogarty:

Since completing its 1994 strategic plan, **LONG TERM CARE PLAN for RHODE ISLAND 1995 – 2000, *Working Together: Making All the Pieces Fit***, the Long Term Care Coordinating Council (LTCCC) has been advocating to improve quality and to move toward a more balanced long term care system in the state. The latter goal recognized three facts: 1) Rhode Island long term care policy relating to financing and eligibility was biased toward institutional care, 2) consumers express a preference to remain in home and community care settings when possible and 3) home and community care services can often be provided at less cost to the state.

To track spending and service trends and progress toward rebalancing the system, the LTCCC has produced this report annually since 1998 using data provided by four state departments: Elderly Affairs, Health, Human Services and Mental Health Retardation and Hospitals.

From FY1997 to FY2003, the reports showed slow but continual progress toward rebalancing the system with the ratio of state government spending for home and community care services increasing by about one percent each year. However, in State FY2004 there was a slight decrease in the percent of funds spent on home and community care services which reversed the slow but steady progress made over the prior seven years.

The FY2004 spending pattern reflects the first year of a three-year program to revise the state's Nursing Facility Principles of Reimbursement. The need for these changes were well-documented and supported by the LTCCC. Overall spending for Medicaid-reimbursed nursing facility services increased by \$31,181,459 which represented 66% of the total increase in long term care spending from the prior year. However, the number of Medicaid-reimbursed days of care only increased by one percent indicating that the vast majority of the spending increase in this area resulted from the changes to the reimbursement method.

In FY2004, home and community care providers experienced their third year without any cost of living rate adjustment. Also, of consequence for the home and community care community, the state administration placed a freeze on the DEA co-pay program in October of 2003 and several hundred persons were placed on a waiting list for service. The freeze did not end until July 2004 and it took several months for the waiting list to be addressed. Providers of home and community care reported that some persons waiting for home care and adult day services subsidized under the co-pay program decided to seek nursing home placement; others did not put their names on the wait list due to its length.

During the writing of this report, information from state agencies and providers indicated the state's home and community care infrastructure is under stress. As of March 2005, 160 low-income persons were on a wait list for Medicaid assisted living waiver services and 93 families were on a list for respite services. Many of these families care for persons with Alzheimer's disease or a related dementia. When the information regarding the wait list for respite services became known, the Department of Elderly Affairs sought and received permission to use formerly restricted but available federal funds to help address the wait list. In addition to wait lists for services during the year, home care providers report difficulty in recruiting staff to meet the demand for service. The LTCCC's Work Plan for 2005 includes actions to continue to support additional resources in the state FY2006 budget to strengthen home and community care services including a cost of living rate adjustment for home and community care providers and funding to address waiting lists for service. Adoption of these recommendations would help to achieve the Council's goal to increase access to a full range of services and to ensure a balanced long term care system.

Acknowledgement: *This report was prepared by a Budget Work Group of the Long Term Care Coordinating Council that included: Debra Capuano, Elderly Affairs (DEA); Michael Martineau, Health (DOH); Dianne Kayala, Human Services (DHS); and Frances O'Connell, Mental Health, Retardation and Hospitals (MHRH). Data on individual departmental expenditures and service use was provided by department staff and aggregated and analyzed by Council staff. It should be noted that this report does not include spending by state agencies for services provided to persons with developmental disabilities as these services have not generally been examined by the Council. We thank the members of the Work Group for their continued assistance in preparing this report.*

Lt. Gov. Charles J. Fogarty
Chairman

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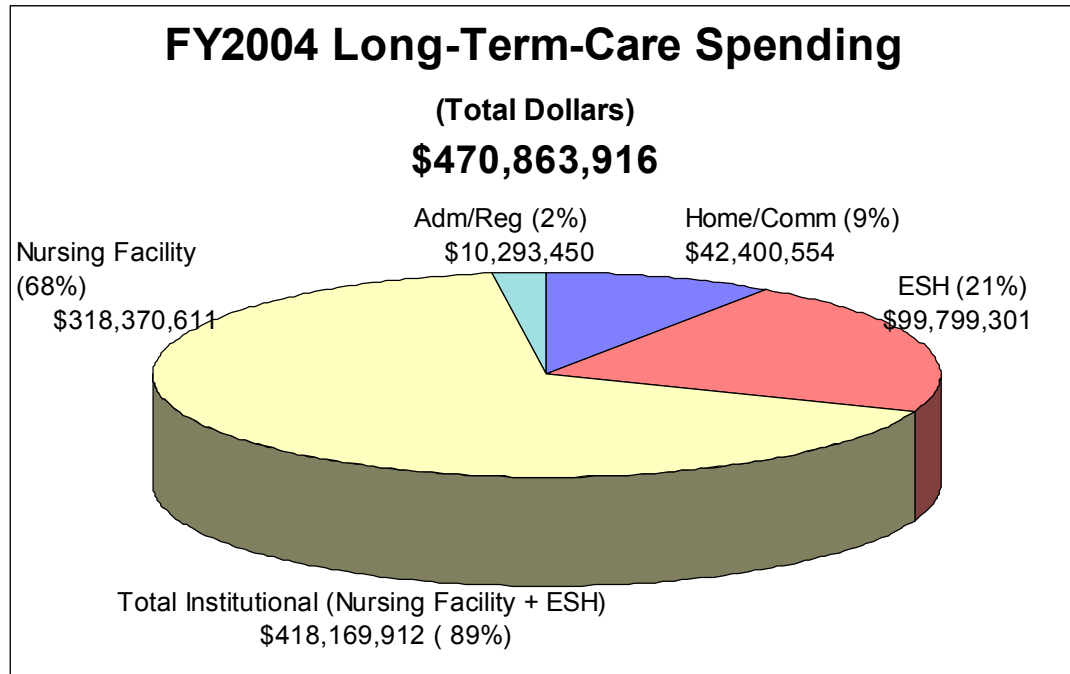
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Overview of Total FY 2004 Long Term Care Spending

Chart 1



Total Expenditures (State and Federal): \$470,863,916

\$47,559,937 (11%) Increase from FY2003

55% Spending = Federal Dollars

State Only Spending: \$210,016,272

Institutional Spending: \$418,169,912

(Includes Medicaid-funded Nursing Home Care and Hospice Nursing Home Board and Care, the RI Veteran's Home, Eleanor Slater Hospital Long Term Care and Tavares Pediatric Center)

\$45,318,023 (12%) Increase from FY2003

89% of Total LTC Spending (1% increase from the FY2003 ratio)

Home and Community Care: \$42,400,554

(Includes Home Care/Homemaker Services, Adult Day Services, Respite Care, Assisted Living, Meals on Wheels, Senior Companion, Services for Aged Blind, Personal Care for Paraplegics, Hospice)

\$1,531,194 (4%) Increase from FY2003 (Note: hospice nursing home spending was moved to the Institutional category for this report)

9% of Total Spending (a decrease from 9.7% FY2003 ratio)

Regulatory and Administrative: \$10,293,450

(Includes Dept. of Health Long Term Care Enforcement, Case Management, Ombudsman Services,)

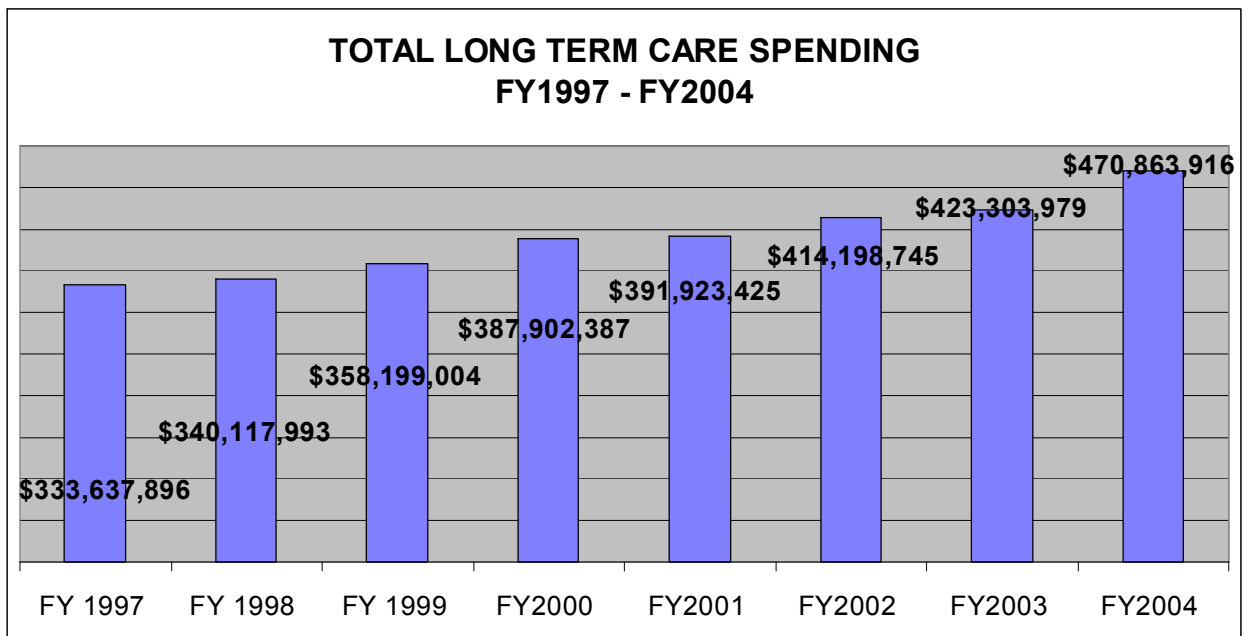
\$710,720 (7%) Increase from FY2003

2% of Total Spending – same as the FY2003 ratio

Table 1. FY2004 Cost of Care

Type of Care	Annual Cost/client	% NF Cost
Nursing Facility ¹	\$44,896	
Assisted Living ²	\$17,494	39%
DHS Adult Day Service ³	\$9,649	21%
DEA Co-pay Home Care	\$2,781	6%
Aging & Disabled Home/Community Care Waiver (DHS)	\$10,261	23%

1. Does not include any client share or contribution. 2. Includes Medicaid cost and estimated SSI cost/resident of \$4500 annually. 3. Based on 52 weeks of adult day service at 5 days/week/\$37.11 day

Chart 2

FY2004 Institutional Care Spending:

Total Spending: \$418,169,912

Federal Dollars: \$234,884,925 (56%)

Increase from FY2003 Spending: \$45,318,023 (12%)

89% of Total Long Term Care Spending – 1% increase from the FY2003 ratio

1% increase in Medicaid-funded Nursing Home Bed Days from FY2003

Table 2

Institutional Sub-type	Amount	% Institutional Dollars	% Spending Increase from FY2003
Eleanor Slater Hospital ¹	\$99,799,301	24%	12%
Medicaid-funded NH Care	\$291,981,426	70%	12%
RI Veterans' Home	\$20,026,730	5%	4%
Hospice nursing home	\$2,362,815	1%	na
Tavares Pediatric Center	\$3,999,640	1%	9%

1. MHRH-Eleanor Slater Hospital: A public hospital, licensed by Dept of Health, accredited by JCAHO, certified by CMS, provides long term medical and psychiatric care, Acute care spending not included in this report

Chart 3

Institutional Long-Term-Care Spending

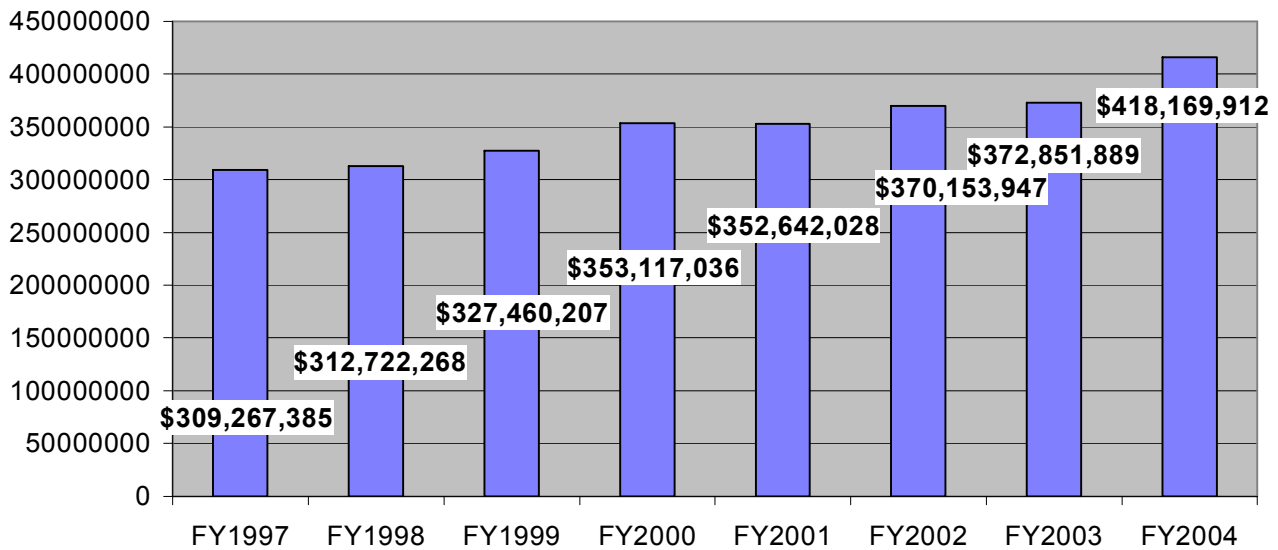


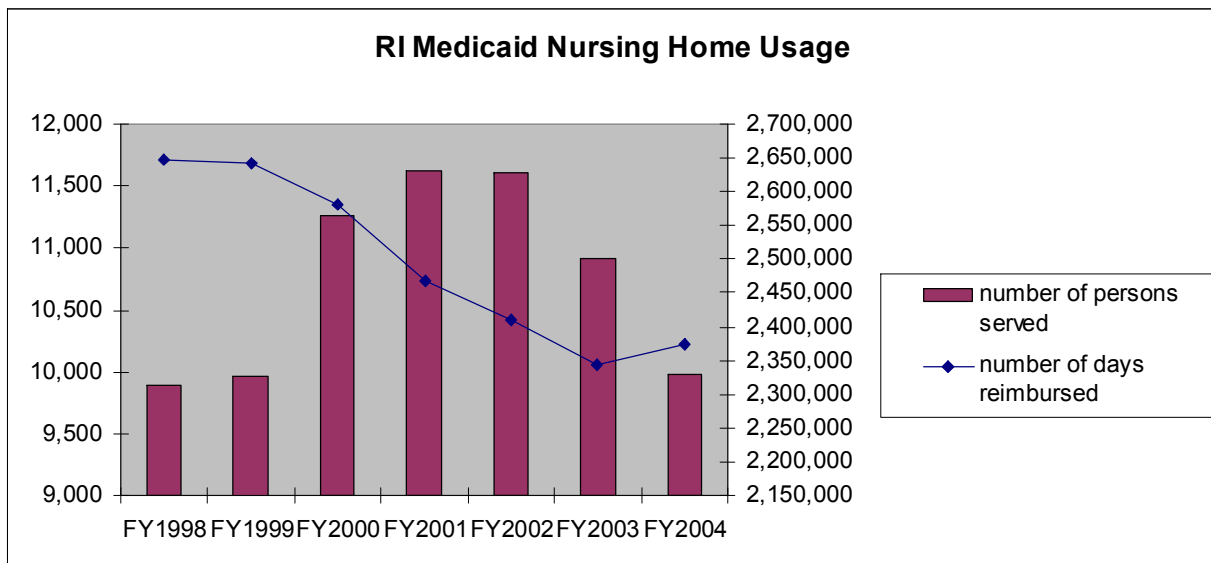
Table 3

Eleanor Slater Hospital (ESH) Long Term Bed Day Use and Census

	FY1998	FY1999	FY2000	FY2001	FY2002	FY2003	FY2004
ESH Total long-term care bed days provided		NA	174,340	171,598	168,094	142,595	139,311
ESH Average Daily Census	525	465	474	475	425	405	365

Chart 4

Medicaid-Funded Nursing Home Bed Days FY1998-FY2004



FY 2004 Home and Community Care Services Spending

Total Spending: \$42,400,554 (Includes DHS & DEA Home Care/Homemaker Services, Adult Day Services, Respite Care, Assisted Living Waiver and SSI Enhancement, Meals on Wheels, Senior Companion, Services for Aged Blind, Personal Care for Paraplegics, Hospice Home Care)

Federal Dollars: \$21,069,761 (47%)

Increase from FY2003 Spending: \$1,151,194 (4%)

(Note: Hospice spending for nursing home board and care is reported as Institutional spending for FY2004. Total hospice spending was included as a home and community care spending in prior year reports)

9% of Total Long Term Care Spending – below FY2003 ratio of 9.7%

Table 4
Home and Community Care Services
Spending by Category, Amount and Change from FY2003 and Service Data

Category	Amount	% Spending Increase from FY2003	Service Data: Persons Served (Change from FY2003)
Home Care/Homemaker			
DEA Waiver	\$3,425,091	8%	587 (14%)
DEA Co-pay	\$2,427,564	(-2%)	873 (-21%)
DHS A&D Waiver	\$17,731,555	9%	1728 (-1%)
DHS Paraplegic Waiver	\$2,081,527	(-2%)	Na
DHS Homemaker	\$1,270,261	5%	581 (-5%)
DEA In-Home	\$375,536	46%	75 (-17%)
DHS Hospice	\$862,085	93%	Na
DHS Visually Impaired	\$259,427	12%	Na
Residential/Personal Care			
DEA Assisted Living Waiver	\$90,610	86%	25 (19%)
DHS Assisted Living Waiver	\$2,281,007	3%	253
DHS SSI Enhancement	\$4,956,500	2%	12,277 est. months
Adult Day Services			
DHS Medicaid	\$1,062,384	29%	1160 (41%) 52,880 days (29%)
DEA Co-pay	\$1,147,413	(-2%)	301 (-26%) 38,847 days (-4%)
DEA Grants	\$750,000	0%	
Other			
DEA Respite Services	\$616,675	3%	463 persons 28,263 hours 4416 days of service
DEA Senior Companion	\$362,865	1%	
Meals on Wheels	\$1,599,037	(-9%)	4981 meals (0.3%)
RI Housing Support Services (funded by RI Housing)	\$201,017	2%	

Chart 5

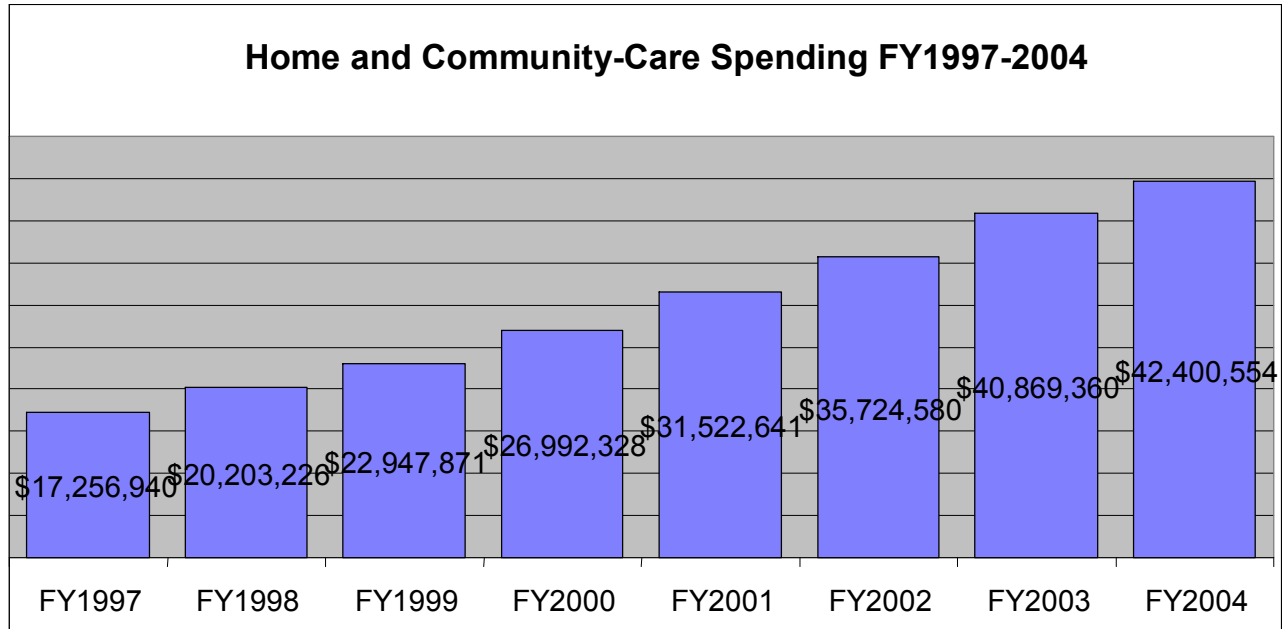
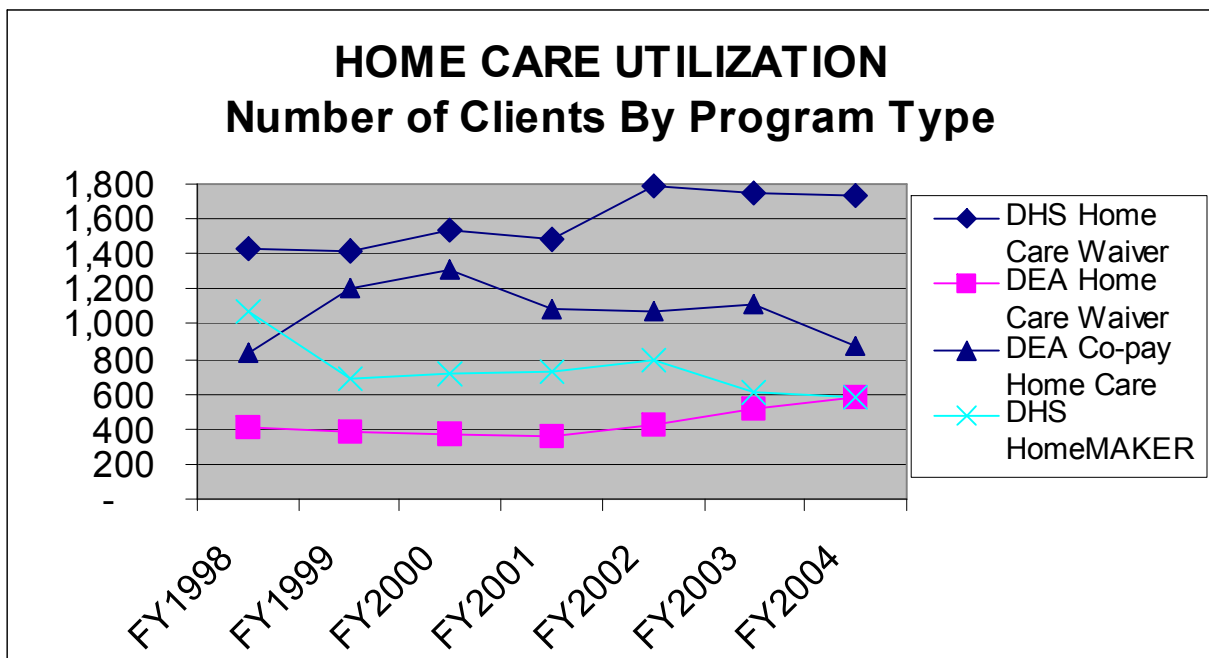


Chart 6



FY2004 Regulatory and Selected Administrative Spending

Total Spending: \$10,293,450

(Includes HEALTH Long Term Care Enforcement, DHS & DEA Case Management, and Long Term Care Ombudsman-Alliance for Better Long Term Care Support)

Federal Dollars: \$5,698,202 (58%)

Increase from FY2003 Spending: \$710,720 (7%)

2% of Total Spending – Same as the FY2003 ratio

Table 5
FY2004 Regulatory and Selected Adm. Spending

Category	Amount	Change from FY2003
HEALTH Regulatory	\$2,996,715	\$105,390 (4%)
DHS & DEA Case Management ¹	\$6,653,983	\$555,088 (9%)
Ombudsman/Alliance for Better Long Term Care	\$642,752	\$50,242 (8%)

1. For purposes of this budget report, costs to perform the functions of eligibility, screening, assessment and case management are being classified as administrative expenses although in some cases they may be classified as direct service costs by individual departments; For FY2003, DEA reclassified some spending from Protective Services to this category. DHS includes Long Term Care Staff (Eligibility Tech's, Soc Workers, Clerical, Supervisors, LTC Administrator)

Chart 7

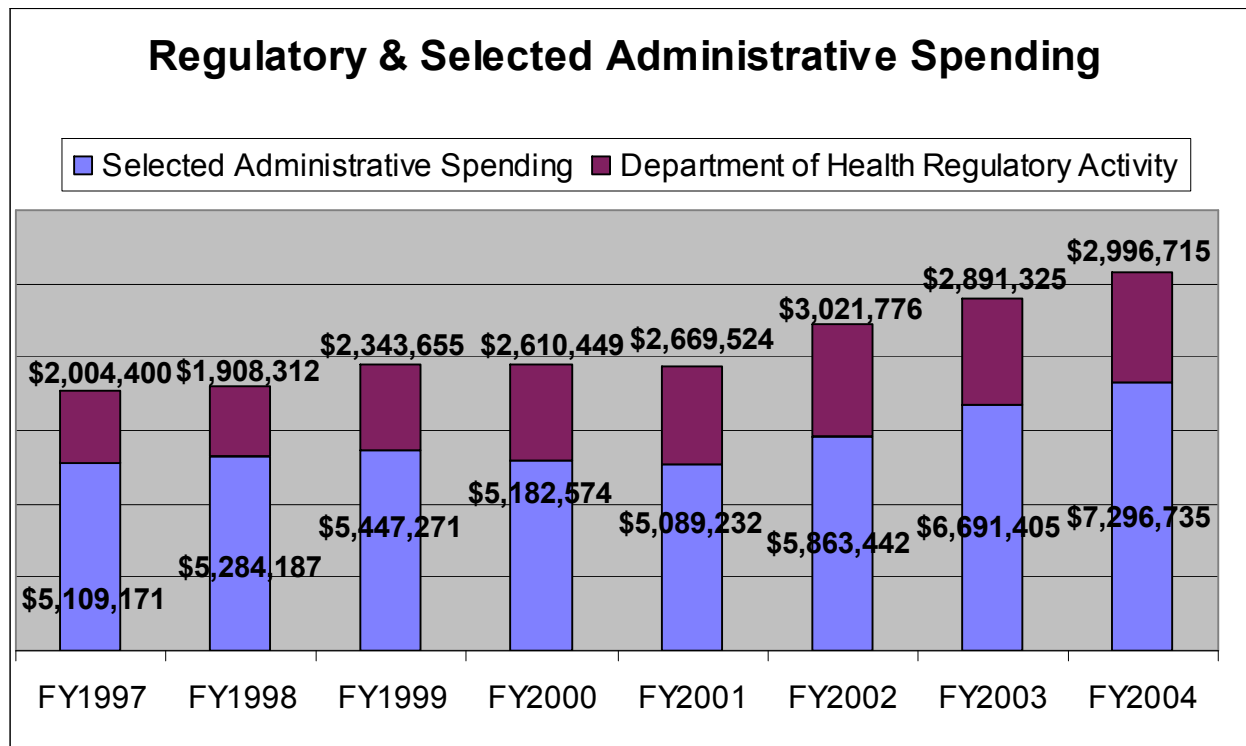


Table 6
Office of Facilities Regulation – Selected Activity Data

(Note: In SFY2004 a new federally mandated complaint database system for nursing homes was implemented using different definitions so direct comparisons with SFY2003 are not useful)

<i>Nursing Facilities</i>	SFY2003	SFY2004
Number of licensed Nursing Facilities (NF)	102	100
Number of licensed nursing home beds	10,178	9,776
Average number of beds per facility	100	98
Number of NF Annual surveys (federal and state)	101	100
Number of NF follow-up surveys	84	96
NF Allegations of Complaint received:	710	353
NF Allegations of Complaint investigated:	703	362
NF Allegations of Complaint administratively closed		4
NF Allegations of Complaint substantiated	181	102
NF Incidents received:		683
NF Incidents investigated:		389
NF Incidents administratively closed		214
NF Incidents substantiated		N/A

<i>Assisted Living Residences</i>		
Number of licensed Assisted Living Residences (ALR)	72	71
Number of licensed beds	3,552	3,637
Average number of beds per facility	49	51
Number of ALR Initial surveys (state)	3	1
Number of ALR Annual surveys (state)	28	9
Number of ALR Follow-up surveys	8	0
Number of ALR other visits	11	8
ALR Allegations of Complaint received:	59	53
ALR Allegations of Complaint investigated:	62	41

ALR Allegations of Complaint administratively closed		4
ALR Allegations of Complaint substantiated	15	21
ALR Incidents received:		143
ALR Incidents investigated:		11
ALR Incidents administratively closed		125
ALR Incidents substantiated		N/A
Home Care		
Number of licensed Home Nursing Care Providers (HNCP) including HHAs	50	50
Number of HNCP Initial surveys	2	4
Number of HNCP Annual surveys	30	11
Number of HNCP Follow-up surveys	11	10
Number of licensed Home Care Providers (HCP)	14	11
Number of HCP Initial surveys	0	0
Number of HCP Annual surveys	6	2
Number of HCP Follow-up surveys	6	2

The data from the Office of Facilities Regulation on the number of annual surveys done for long term care providers show that annual surveys were not being conducted in two areas. Only 9 of the 71 assisted living residences (13%) had an annual survey in 2004 and only 13 of the 61 (21%) home nursing care and home care providers were surveyed. The Council has been advocating for a number of years for additional staff in the OFR in order to strengthen the monitoring and enforcement program. In February of 2005, one additional surveyor was added to address enforcement of assisted living licensing regulations. The administration's proposed supplementary budget for FY2005 and FY2006 budget proposal include funding for an additional six persons in the OFR. The LTCCC Chairman has provided letters of support for these additional funds to the House and Senate Finance Committees.

Table 7
Licensed Long-Term Care Providers: FY1998-FY2004

	FY1998	FY1999	FY2000	FY2001	FY2002	FY2003	FY2004
Nursing Facilities	107	107	107	104	103	102	100
Number of beds	10,878	10,670	10,712	10,257	10,262	10,178	9,776
Average beds/facility	102	99.7	100.1	98.6	99.6	100	98
Occupancy Rate (based on Calendar Year)	92.07%	90.1%	90.55%	90.41%*	90.11%	92.2%	na
Beds per 1000 persons 65+				67	67.5		64
Beds per 1000 persons 85+				491	491		468
Assisted Living Residences	57	62	66	69	70	72	71
Number of units	2,165	2,472	3,018	3,296	3,372	3,552	3,637
Average units/residence	39.9	43.4	48.7	48.6	48.2	49	51
Beds per 1000 persons 65+				22	22	23	24
Beds per 1000 persons 85+				158	161	170	174
Home Nursing Care Providers	38	50	51	47	50	50	50
Home Care Providers	32	25	27	19	15	14	11
Adult Day Service Programs	17	17	19	20	19	19	18
Total Client Capacity					707	707	765

Note: Beds per 1000 persons based on 2000 US Census data for Rhode Island: 152,000 persons age 65 years and over; 20,897 persons age 85 years and over

Long Term Care Provider Trends

Eleanor Slater Hospital (ESH)

Table 3 on page 3 shows that since FY1998 there has been an almost steady annual decrease in the total long term care bed days used and a reduction in the average daily census at the state-operated ESH. Between FY1998 and FY2004, long term care bed day use, including long term psychiatric beds, dropped by 21 percent. The drop in average daily census was fairly substantial from FY 2002 to FY 2004. During this period of time the hospital reviewed each patient under its care and evaluated to what extent any of the patients within Slater could be managed in a non-hospital-based level of care. Working with the state's nursing homes and staff of the Alliance for Better Long Term Care who actively assisted in managing out-placements, the hospital discharged approximately one hundred (100) patients. Only three (3) of these patients needed readmission to ESH.

Nursing Homes

In FY 2004, Rhode Island had seven (7) less (7%) licensed nursing facilities and 1,102 (10%) fewer licensed nursing facility beds than in FY1998. This is a greater decline than the national average decrease of three percent (3%) in the number of nursing facilities from 1998 to 2003. Compared to national data, the state continues to have a higher number of nursing facility beds per 1,000 persons age 65 and over than the national average of 49 per 1,000 persons age 65 and over¹. However, the RI rate of 64 beds per 1,000 persons age 65 and over is similar to neighboring states of Massachusetts (61beds/1,000 persons) and Connecticut (66 beds/1,000 persons). In terms of state spending, the number of nursing home bed days (excluding hospice care in nursing homes) reimbursed by Medicaid was 10.4% less in FY2004 than in FY1998. The decline in Medicaid-reimbursed nursing home bed days was steady between FY1998 and FY2003. Between FY2003 and FY2004, however, there was a small (1%) increase in the number of Medicaid days reimbursed. Statewide occupancy levels, reported by the Department of Human Services by calendar year, dropped slightly from the 1998 rate of 92.1% to 90.1% in 2002 and rose to 92.2% for 2003 the last year that data was provided.

Assisted Living

From FY1998 to FY2001, there was a dramatic 21% increase in the number of RI-licensed assisted living residences and a 52% increase in the number of available assisted living units. This growth rate moderated in the last three years with the number of licensed assisted living beds increasing by just 10 percent between 2001 and 2004. An increase of \$250/month in the state SSI enhanced payment for persons living in assisted living became effective in FY1999. Since that time, spending for these payments has increased from \$2,514,920 in FY1999 to \$4,956,500 in FY2004. Implementation of the state Assisted Living Medicaid Waiver program administered jointly by the Departments of Elderly Affairs and Human Services and funded for up to 200 persons became fully enrolled in FY2002. Since that time, there has been a waiting list for this program which has grown to about 150 persons.

Adult Day Services and Home Care

Since 1999, the number of home nursing care providers has been stable and the number of home care providers shows a continued decline. During the FY1998-2004 timeframe, adult day services showed a slight increase during the interval midpoint. Since then, the number of adult day service programs has been stable but total capacity has increased. State spending for home care services (over all programs and departments reported in this report) increased from \$10,56,940 in FY1997 to \$23,842,210 in FY2004 and spending for adult day services, including grants, increased from \$1,328,027 to \$3,859,797. The percent of state spending for total home and community-based care went from 5% of total spending in FY1997 to 10% of total spending in FY2003. This ratio decreased to 9% in FY2004.

1. AARP Public Policy Institute, ***Across the States Profiles of Long-Term Care***, sixth edition 2004.

Rhode Island Population Projections

For purposes of planning future need for long term care and supportive services in Rhode Island, it is useful to look at the most recent population projections for persons age 60 and over. The following table, based on RI Statewide Planning projections, shows that the projection for 2005 for the total 65+ age group is slightly lower than the 2000 baseline census figure. The data also shows that the biggest increase for persons age 85+ will occur between 2010 and 2015, the year in which the number of persons age 85+ is projected to peak.

Studies show that persons aged 80 and over have the highest need for assistance with daily living activities which is a major factor in the need for long term care services. Data from the US Census 1997 (August-November) Survey of Income and Program Participation showed that slightly more than twice the percent of persons age 80 years and over needing assistance (34.9%) as those persons aged 65 and over (16.7%). Between 2005 and 2010 the state projections show an increase of 3,000 persons in the 85+ age group indicating a continued demand for long term care services and support programs. However, it should also be noted that the number of persons age 70 to 84 years is projected to decrease by about 5,000 persons during this same decade. While the need for assistance in this age group is lower, it is still significant. The projected decrease in the number of persons in this group may mitigate some service demand during this time.

Table 8
Rhode Island Population Projections Age 60+ Years ²

YEAR	2000	2005	2010	2015	2020	2025	2030	Increase 2000- 2030
Age group								
60-64	39007	47251	61038	68824	76388	68569	68569	76%
65-69	36023	35367	42870	55435	62647	69642	70302	95%
70-74	37661	31458	30943	37526	48577	55077	61350	63%
75-79	34076	30670	25708	25358	30753	39867	45417	33%
80-84	23745	24025	21710	18277	18093	21938	28494	20%
85+	20897	25773	28774	29229	27567	26540	28181	35%
75+ Total	78718	80468	76192	72864	76413	88345	102092	30%
65+ Total	152,402	147,293	150,005	165,825	187,637	213,064	233,744	53%
60+Total	191,409	194,544	211,043	234,649	264,025	281,633	302,313	58%

2. <http://www.planning.state.ri.us/census/tp154.pdf>. POP PROJEC BY AGE, SEX, RACE
2000-2030